



**Auditor of State
Betty Montgomery**

**DELAWARE GENERAL HEALTH DISTRICT
DELAWARE COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Delaware General Health District
Delaware County
1 West Winter Street
P.O. Box 570
Delaware, Ohio 43015

To Members of the Board:

We have audited the accompanying financial statements of Delaware General Health District, Delaware County, Ohio, (the District) as of and for the year ended December 31, 2002. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the District prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Delaware General Health District as of December 31, 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2003 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. We subjected this information to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Delaware General Health District
Delaware County
Independent Accountants' Report
Page 2

This report is intended solely for the information and use of the audit committee, management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

BETTY MONTGOMERY
Auditor of State

May 1, 2003

**DELAWARE GENERAL HEALTH DISTRICT
DELAWARE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

| | <u>Governmental Fund Types</u> | | Totals (Memorandum Only) |
|--|--------------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash Receipts: | | | |
| Federal/State Funds | \$187,872 | \$807,294 | \$995,166 |
| Subdivisions | 250,000 | 0 | 250,000 |
| Levies | 1,408,754 | 0 | 1,408,754 |
| Inspection fees | 66,090 | 0 | 66,090 |
| Permits | 602,398 | 14,278 | 616,676 |
| Fees | 184,378 | 11,070 | 195,448 |
| Licenses | 0 | 230,574 | 230,574 |
| Other receipts | 59,714 | 65,054 | 124,768 |
| Total Cash Receipts | 2,759,206 | 1,128,270 | 3,887,476 |
| Cash Disbursements: | | | |
| Salaries | 1,565,223 | 190,687 | 1,755,910 |
| Supplies | 224,843 | 0 | 224,843 |
| Equipment | 193,398 | 0 | 193,398 |
| Contracts - Repair | 192,156 | 1,721 | 193,877 |
| Rentals | 176,722 | 0 | 176,722 |
| Travel | 18,492 | 6,400 | 24,892 |
| Project Expense | 0 | 776,952 | 776,952 |
| Advertising and printing | 45,370 | 0 | 45,370 |
| Benefits | 209,061 | 26,178 | 235,239 |
| Personal Service | 0 | 12,813 | 12,813 |
| Remittances to State | 0 | 18,704 | 18,704 |
| Worker's compensation | 1,643 | 204 | 1,847 |
| Debt Payments - Principal | 62,983 | 0 | 62,983 |
| Debt Payments - Interest | 10,269 | 0 | 10,269 |
| Other | 308,181 | 31,183 | 339,364 |
| Total Disbursements | 3,008,341 | 1,064,842 | 4,073,183 |
| Total Receipts Over/(Under) Disbursements | (249,135) | 63,428 | (185,707) |
| Other Financing Receipts/(Disbursements): | | | |
| Advance-In | 51,000 | 0 | 51,000 |
| Advance-Out | 0 | (51,000) | (51,000) |
| Reimbursements | 40,688 | 2,696 | 43,384 |
| Other sources | 85 | 0 | 85 |
| Total Other Financing Receipts/(Disbursements) | 91,773 | (48,304) | 43,469 |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | (157,362) | 15,124 | (142,238) |
| Fund Cash Balances, January 1 | 1,167,558 | 551,703 | 1,719,261 |
| Fund Cash Balances, December 31 | \$1,010,196 | \$566,827 | \$1,577,023 |
| Reserves for Encumbrances, December 31 | \$114,176 | \$34,500 | \$148,676 |

The notes to the financial statements are an integral part of this statement.

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**DELAWARE GENERAL HEALTH DISTRICT
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Delaware General Health District, Delaware County, Ohio (the District) is a combined general health district as defined by Section 3709.07 of the Ohio Revised Code. It was established as a contractual union of the Delaware City Health District with the Delaware County Health District. The District is directed by a nine-member Board of Trustees under Section 3709.02 and Section 3709.07 of the Ohio Revised Code, and is responsible for the administration of all health programs established by the Ohio Revised Code and Administrative Codes and any programs deemed necessary by the District. The District's services include communicable disease investigations, review of public health programs, immunization clinics, inspections, the recording of certificates of vital statistics, public health nursing services and issues health-related licenses and permits.

By law, the Delaware County Auditor and Treasurer are the fiscal agents of the District.

The District's management believes these financial statements present all activities for which the District is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

As required by Ohio Revised Code, the County Treasurer is custodian for the District's cash. The District's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's reported carrying amount.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those restricted by law or contract.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

**DELAWARE GENERAL HEALTH DISTRICT
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Federal Fund – This fund is used to account for receipts and expenditures of federal grant funds.

State Fund - This fund is used to account for receipts and expenditures of state grant funds.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and amendments thereto. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2002 budgetary activity appears in Note 2.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under District's basis of accounting.

**DELAWARE GENERAL HEALTH DISTRICT
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

2. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2002 follows:

| 2002 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$2,502,408 | \$2,850,979 | \$348,571 |
| Special Revenue | 1,105,330 | 1,130,966 | 25,636 |
| Total | \$3,607,738 | \$3,981,945 | \$374,207 |

| 2002 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$3,302,217 | \$3,122,517 | \$179,700 |
| Special Revenue | 1,253,924 | 1,150,342 | 103,582 |
| Total | \$4,556,141 | \$4,272,859 | \$283,282 |

3. INTERGOVERNMENTAL FUNDING

The County apportions the excess of the District's appropriations over other estimated receipts among the townships and municipalities composing the District, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the District. These amounts are included in subdivision receipts in the financial statements.

4. RETIREMENT SYSTEM

The District's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries. The District has paid all contributions required through December 31, 2002.

5. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**DELAWARE GENERAL HEALTH DISTRICT
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

5. RISK MANAGEMENT (Continued)

Commercial Insurance (Continued)

The District also provides health insurance and dental coverage to full-time employees through a private carrier.

6. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material

7. DEBT

At December 31, 2002, the District had an outstanding liability to the Delaware County Bank of \$123,522. This amount was based on the total of construction draws and other charges related to improvements of leased space. The loan is for a period of five years. From January 1, 2002 through December 31, 2006, the District is required to pay 1/60th of the principal (\$3,108) plus interest each month in the unpaid balance. The rate of interest on the outstanding principal balance is based on the tax-free prime rate. The prime rate as of December 31, 2002 was 4.25%.

**Delaware General Health District
Delaware County**

**Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2002**

| Federal Grantor/ Pass Through Grantor Program Title | Pass Through Entity Number | Federal CFDA Number | Disbursements |
|---|----------------------------------|---------------------------|-------------------------|
| <u>U.S. Department of Agriculture</u> | | | |
| <i>Passed Through Ohio Department of Health:</i> | | | |
| Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) | 211011CL02 | 10.557 | \$269,851 |
| Total U.S. Department of Agriculture | | | <u>\$269,851</u> |
| <u>U.S. Department of Education</u> | | | |
| <i>Passed Through Ohio Department of Health:</i> | | | |
| Special Education Grants for Infants and Families with Disabilities | 211011EG02 | 84.181 | \$44,180 |
| Total U.S. Department of Education | | | <u>\$44,180</u> |
| <u>U.S. Department of Health & Human Services</u> | | | |
| <i>Passed Through Ohio Department of Health:</i> | | | |
| Immunization Grants | 2110012AZ02 | 93.268 | \$14,947 |
| Center for Disease Control and Prevention Investigations and Technical Assistance | 2110012BI02 | 93.283 | \$11,707 |
| Preventive Health & Human Services Block Grant | 2110012ED02 | 93.991 | \$42,036 |
| Maternal & Child Health Services Block Grant | 2110011AI02 | 93.994 | \$92,082 |
| Total U.S. Department of Health & Human Services | | | <u>\$160,772</u> |
| Total Federal Awards | | | <u><u>\$474,803</u></u> |

The accompanying notes to this schedule are an integral part of this schedule.

**DELAWARE GENERAL HEALTH DISTRICT
DELAWARE COUNTY
FISCAL YEAR ENDED DECEMBER 31, 2002**

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Delaware General Health District
Delaware County
1 West Winter Street
P.O. Box 570
Delaware, Ohio 43215

To Members of the Board:

We have audited the accompanying financial statements of Delaware General Health District, Delaware County, Ohio (the District) as of and for the year ended December 31, 2002, and have issued our report thereon dated May 1, 2003. We conducted our audit in accordance with auditing standards generally accepted by the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated May 1, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

35 N. Fourth St. / First Floor / Columbus, OH 43215
Telephone: (614) 466-3340 (800) 282-0370 Fax: (614) 728-7398
www.auditor.state.oh.us

This report is intended solely for the information and use of the audit committee, management, the Board, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

BETTY MONTGOMERY
Auditor of State

May 1, 2003



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Delaware General Health District
Delaware County
1 West Winter Street
P.O. Box 570
Delaware, Ohio 43015

To Members of the Board:

Compliance

We have audited the compliance of Delaware General Health District, Delaware County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2002. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2002.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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www.auditor.state.oh.us

**Internal Control Over Compliance
(Continued)**

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, the Board, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



BETTY MONTGOMERY
Auditor of State

May 1, 2003

**DELAWARE GENERAL HEALTH DISTRICT
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2002**

| 1. SUMMARY OF AUDITOR'S RESULTS | | |
|--|--|--|
| <i>(d)(1)(i)</i> | Type of Financial Statement Opinion | Unqualified |
| <i>(d)(1)(ii)</i> | Were there any material control weakness conditions reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(ii)</i> | Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iii)</i> | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iv)</i> | Were there any material internal control weakness conditions reported for major federal programs? | No |
| <i>(d)(1)(iv)</i> | Were there any other reportable internal control weakness conditions reported for major federal programs? | No |
| <i>(d)(1)(v)</i> | Type of Major Programs' Compliance Opinion | Unqualified |
| <i>(d)(1)(vi)</i> | Are there any reportable findings under § .510? | No |
| <i>(d)(1)(vii)</i> | Major Programs (list): | Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) – CFDA #10.557 |
| <i>(d)(1)(viii)</i> | Dollar Threshold: Type A\B Programs | Type A: > \$ 300,000 Type B: all others |
| <i>(d)(1)(ix)</i> | Low Risk Auditee? | Yes |

| |
|---|
| 2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
|---|

None.

| |
|---------------------------------------|
| 3. FINDINGS FOR FEDERAL AWARDS |
|---------------------------------------|

None.



**Auditor of State
Betty Montgomery**

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P.O. Box 1140
Columbus, Ohio 43216-1140

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800-282-0370

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DELAWARE GENERAL HEALTH DISTRICT

DELAWARE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 24, 2003**